



## North Carolina Department of Administration

Beverly Perdue, Governor  
Moses Carey, Jr., Secretary

Division of Purchase & Contract  
William Sam Byassee, State Purchasing Officer

### Memorandum

To: Agency Purchasing Officers (all agencies, departments and institutions)

From: Sam Byassee, State Purchasing Officer

A handwritten signature in black ink, appearing to read "Sam Byassee", with a long, sweeping horizontal line extending to the right.

Re: Statutory Requirement for Legal Review of Proposed Contracts above \$1 million –  
Procedures for Review

Date: 14 August 2012

Attachments (Department of Justice Letter and Guidelines)

S.L. 2010-194, as amended by S.L. 2011-326 and codified in §114-8.3 and §143-52.2, requires review by the Attorney General or his designee of all proposed contracts for supplies, materials, printing, equipment and contractual services that exceed \$1,000,000. This review must occur before a *proposed* contract becomes an *actual* contract.

In a letter and attachment, dated August 8, 2012, the Attorney General has issued guidelines for handling this review, which include a process for submitting solicitation documents and proposed contracts of different value levels for approval. The Attorney General's letter designates agency General Counsel to review proposed contracts if \$5 million or less, an attorney on the Attorney General's staff (usually, one assigned to assist that agency) to review if between \$5 million and \$15 million, and an attorney in the AG's Property Control Section or, if a proposed DOT contract, when the contract value will exceed \$15 million. The guidelines include spaces for certification of review by the appropriate legal counsel. A copy of this letter and Guidelines is attached for your reference.

In addition, §143-49(12) requires DOA to work in conjunction with the Attorney General in "developing rules, regulations and procedures providing for the "orderly and efficient submission" of these high value contract for the required legal review. As a result, the following procedures have been established and will become effective on Monday, August 13, 2012, for all proposed contracts submitted to P&C for award or the approval of an agency's recommended award.

Mailing Address:  
1305 Mail Service Center  
Raleigh, NC 27699-1305

Internet Home Page: [www.ncpandc.gov](http://www.ncpandc.gov)  
Phone: 919-807-4500

Location Address:  
116 West Jones Street  
Raleigh, NC 27603-8002

In complying with these procedures, please keep in mind that legal review will likely require some period of time, particularly if the procurement is complex or if negotiations are required. For this reason, agencies are encouraged to alert appropriate legal counsel **early** in the procurement process, and where possible, counsel should be involved in developing relevant language for the solicitation documents.

The following procedures implement the requirement in §143-49(12) for submission of applicable proposed contracts for legal review:

1. Each using agency is responsible for submitting all proposed contracts—for supplies, materials, printing, equipment and contractual services—with a value greater than \$1 million (including all potential options and renewals) for appropriate legal review and certification **prior** to submitting the recommended award to the Division of Purchase and Contract for approval.
2. P&C will not submit proposed contracts for legal review on behalf of another agency but will immediately notify the agency if P&C receives an award recommendation without documentation of a legal review having been completed.
3. Once a proper certification has been obtained, a copy of the guidelines/certification must be submitted to P&C along with the award recommendation and supporting materials.
4. P&C will not approve any award or submit a recommendation to the Board of Award for review without receiving documentation that the required legal certification has been completed.
5. Legal review is required prior to any contract amendment or modification that (a) results in an existing contract becoming greater than \$1 million in total value, or (b) for an existing contract that exceeds \$1 million, alters the original terms and conditions in any material way.
6. Each department, agency and institution of the State is responsible for compliance with §143-52.2, regardless of whether the particular contract is required to be submitted to P&C for approval.

These procedures are **effective as of August 15, 2012**, for all proposed contracts exceeding \$1 million that are received by P&C on or after that date.

Questions about these procedures should be addressed to the State Purchasing Officer (919-807-4533). Questions about the Attorney General's Guidelines should be addressed to the Property Control Section of the Attorney General's Office (919-733-7408).

Please notify your staff of this legislative requirement and compliance procedures, and distribute this Memo to all relevant employees. Thank you.